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Yangarra Announces 2023 First Quarter Financial and Operating Results

April 27, 2023

Yangarra Resources Ltd. ("**Yangarra**" or the "**Company**") (TSX:YGR) announces its financial and operating results for the three months ended March 31, 2023.

Operations Update

Yangarra drilled eight and completed nine wells during the first quarter of 2023 and exited Q1 with five drilled but uncompleted wells. Included in the Q1 completion program were three wells in the new Chambers area, along with the full commissioning of a 15 mmcf/d compression facility and a 10.5 km sales line. Initial results from the new Chambers area are positive and have exceeded initial expectations for natural gas and liquids production rates.

The Chambers area serves as a template for the Company's Cardium development strategy of pursuing halo Cardium lands with no legacy conventional development. By targeting virgin lands for development, Yangarra can typically drill four to eight wells per section for optimal reserve recoveries from the entire section. With minimal conventional development on the Company's Cardium lands, Yangarra can cost-effectively develop sections similar to other unconventional resource plays such as the Montney. This upside is reflected in the Company's reserve report with a larger proven undeveloped and probable weighting than other conventional Cardium players.

Additional advantages of drilling in the halo Cardium include the use of simplified well designs as intermediate casing is not required, lower mud losses and water injection hits are rarely encountered. Yangarra's strategy of avoiding legacy Cardium production has resulted in overall lower decommissioning costs, especially as Cardium wells drilled in the 1960's & 1970's have a higher likelihood of legacy reclamation issues.

The Company continues to experience sustained cost increases in operations and for drilling & completion activities. While some of the cost increases are due to inflation, a significant portion of the cost increases are attributable to increased regulatory burden, for which the Company has increased staff count and allocated additional resources to manage these issues facing the entire oil and gas industry.

An updated corporate presentation is also available on the Company's website (www.yangarra.ca).

Capital Budget & 2023 Guidance

As a result of the increased snowfall during the past winter season, the Company made the decision to curtail capital spending until field conditions improve. Given the curtailment of activity during spring break-up, the Company has updated production guidance for the year. Funds flow guidance has also been revised to reflect the significant reduction in natural gas pricing from the original budget.

The revised guidance numbers are shown below:

	Original Budget	Revised Budget
Capital Spending	$125 million	$110 – $115 million
Funds flow from operations	$180 million	$135 – $145 million
Production	13,000 boe/d	12,700 – 13,300 boe/d
Year-end net debt	$75 million	$83 – $98 million
WTI (USD)	$75.00/bbl	$75.00/bbl
Edmonton par	$98.50/bbl	$98.50/bbl
AECO	$4.00/GJ	$2.50/GJ

First Quarter Highlights

- Funds flow from operations of $30.1 million ($0.32 per share – fully diluted), a decrease of 24% from the same period in 2022
- $12.8 million of adjusted net debt was repaid during first quarter
- Oil and gas sales were $49 million, a decrease of 5% from the same period in 2022
- Adjusted EBITDA was $32.4 million ($0.37 per share - basic)
- Net income of $14.9 million ($0.16 per share – diluted, $19.5 million before tax), a decrease of 34% from the same period in 2022
- Average production of 12,412 boe/d (42% liquids) during the quarter, a 24% increase from the same period in 2022
- Operating costs were $8.36/boe (including $1.35/boe of transportation costs)
- Field operating netbacks were $30.88/boe
- Operating netbacks, which include the impact of commodity contracts, were $30.84/boe
- Operating margins were 70% and funds flow from operations margins were 61%
- G&A costs of $1.41/boe
- Royalties were 11% of oil and gas revenue
- All in cash costs were $17.05/boe
- Capital expenditures were $32.5 million
- Adjusted net debt was $121.5 million
- Adjusted net debt to first quarter annualized funds flow from operations was 1.0 : 1
- Retained earnings of $280 million
- Decommissioning liabilities of $14.9 million (discounted)

Annual General Meeting of Shareholders

The Company's Annual General Meeting of Shareholders is scheduled for 10:00 AM on Thursday April 27, 2023 in the Tillyard Management Conference Centre, Main Floor, 715 5th Avenue SW, Calgary, AB.

Financial Summary

	2023 Q1	2022 Q4	2022 Q1
Statements of Income and Comprehensive Income			
Petroleum & natural gas sales	$ 49,055	$ 60,292	$ 51,428
Income before tax	$ 19,459	$ 31,075	$ 29,588
Net income	$ 14,909	$ 25,071	$ 22,720
Net income per share - basic	$ 0.17	$ 0.29	$ 0.26
Net income per share - diluted	$ 0.16	$ 0.27	$ 0.25
Statements of Cash Flow			
Funds flow from operations	$ 30,068	$ 41,808	$ 39,757
Funds flow from operations per share - basic	$ 0.34	$ 0.48	$ 0.46
Funds flow from operations per share - diluted	$ 0.32	$ 0.45	$ 0.43
Cash flow from operating activities	$ 33,948	$ 40,675	$ 32,232
Weighted average number of shares - basic	88,287	87,956	86,672
Weighted average number of shares - diluted	94,110	92,742	91,435

	March 31, 2023	December 31, 2022
Statements of Financial Position		
Property and equipment	$ 725,359	$ 701,045
Total assets	$ 795,556	$ 768,058
Working capital (deficit) surplus	$ (127,342)	$ (136,920)
Adjusted net debt	$ 121,529	$ 134,364
Shareholders equity	$ 502,443	$ 473,574

Company Netbacks ($/boe)

	2023 Q1	2022 Q4	2022 Q1
Sales price	$ 43.91	$ 55.95	$ 56.89
Royalty expense	(4.68)	(5.22)	(2.88)
Production costs	(7.00)	(6.77)	(5.15)
Transportation costs	(1.35)	(1.22)	(1.24)
Field operating netback	**30.88**	**42.74**	**47.62**
Realized gain (loss) on commodity contract settlement	(0.04)	0.10	0.01
Operating netback	**30.84**	**42.84**	**47.63**
G&A	(1.41)	(1.21)	(1.00)
Cash finance expenses	(2.56)	(2.86)	(2.32)
Depletion and depreciation	(8.85)	(9.44)	(9.52)
Non Cash - finance expenses	(0.16)	(0.41)	(0.46)
Stock-based compensation	(0.41)	(0.11)	(0.17)
Unrealized gain (loss) on financial instruments	(0.02)	0.03	(1.43)
Deferred income tax	(4.07)	(5.57)	(7.60)
Net income netback	**$ 13.35**	**$ 23.26**	**$ 25.13**

Business Environment

	2023 Q1	2022 Q4	2022 Q1
Realized Pricing (Including realized commodity contracts)			
Light Crude Oil ($/bbl)	$ 100.12	$ 112.53	$ 108.88
NGL ($/bbl)	$ 49.85	$ 51.64	$ 69.16
Natural Gas ($/mcf)	$ 3.46	$ 5.25	$ 4.80
Realized Pricing (Excluding commodity contracts)			
Light Crude Oil ($/bbl)	$ 100.12	$ 112.53	$ 108.88
NGL ($/bbl)	$ 49.92	$ 51.70	$ 69.09
Natural Gas ($/mcf)	$ 3.45	$ 5.21	$ 4.80
Oil Price Benchmarks			
West Texas Intermediate ("WTI") (US$/bbl)	$ 77.45	$ 82.79	$ 94.37
Edmonton Par ($/bbl)	$ 100.88	$ 107.43	$ 113.22
Edmonton Par to WTI differential (US$/bbl)	$ (2.82)	$ (3.68)	$ (4.97)
Natural Gas Price Benchmarks			
AECO gas ($/mcf)	$ 3.32	$ 4.85	$ 4.48
Foreign Exchange			
Canadian Dollar/U.S. Exchange	0.74	0.74	0.79

Operations Summary

Net petroleum and natural gas production, pricing and revenue are summarized below:

	2023 Q1	2022 Q4	2022 Q1
Daily production volumes			
Natural Gas (mcf/d)	43,180	38,971	33,687
Light Crude Oil (bbl/d)	2,709	3,077	2,606
NGL's (bbl/d)	2,506	2,140	1,824
Combined (BOE/d 6:1)	12,412	11,712	10,044
Revenue			
Petroleum & natural gas sales - Gross	$ 49,055	$ 60,292	$ 51,428
Realized gain (loss) on commodity contract settlement	(40)	106	11
Total sales	49,015	60,398	51,439
Royalty expense	(5,228)	(5,627)	(2,605)
Total Revenue - Net of royalties	$ 43,787	$ 54,771	$ 48,834

Working Capital Summary

The following table summarizes the change in adjusted net debt during the three months ended March 31, 2023 and year December 31, 2022:

	Three months ended March 31, 2023	Year ended December 31, 2022
Adjusted net debt - beginning of period	$ (134,364)	$ (196,794)
Funds flow from operations	30,068	177,194
Additions to property and equipment	(32,490)	(109,354)
Decommissioning costs incurred	-	(291)
Additions to E&E Assets	(264)	(3,888)
Issuance of shares	15,981	1,077
Lease obligation repayment	(230)	(2,331)
Other	(230)	23
Adjusted net debt - end of period	$ (121,529)	$ (134,364)
Credit facility limit	$ 180,000	$ 180,000

Capital Spending

Capital spending is summarized as follows:

Cash additions	2023 Q1	2022 Q4	2022 Q1
Land, acquisitions and lease rentals	$ 128	$ 26	$ 161
Drilling and completion	25,805	26,009	18,339
Geological and geophysical	423	94	123
Equipment	5,893	1,596	2,452
Other asset additions	241	305	191
	$ 32,490	$ 28,030	$ 21,266
Exploration & evaluation assets	$ 264	$ -	$ 74

Quarter End Disclosure

The Company's March 31, 2023 unaudited condensed interim consolidated financial statements and management’s discussion and analysis will be filed on SEDAR (www.sedar.com) and are available on the Company's website (www.yangarra.ca).

For further information, please contact James Evaskevich, CEO 403-262-9558.

Oil and Gas Advisories

Natural gas has been converted to a barrel of oil equivalent (Boe) using 6,000 cubic feet (6 Mcf) of natural gas equal to one barrel of oil (6:1), unless otherwise stated. The Boe conversion ratio of 6 Mcf to 1 Bbl is based on an energy equivalency conversion method and does not represent a value equivalency; therefore Boe's may be misleading if used in isolation. References to natural gas liquids ("NGLs") in this news release *include condensate, propane, butane and ethane and one barrel of NGLs is considered to be equivalent to one barrel of crude oil equivalent (Boe). One ("BCF") equals one billion cubic feet of natural gas. One ("Mmcf") equals one million cubic feet of natural gas.*

All reserve references in this press release are "Company share gross reserves". Company share gross reserves are the Company's total working interest reserves (operating or non-operating) before the deduction of any royalty obligation s but including royalty interests payable the Company. It should not be assumed that the present worth of estimated future cash flow presented in the tables above represents the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained, and variances could be material. The recovery and reserve estimates of Yangarra's crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquids reserves may be greater than or less than the estimates provided herein.

This press release contains metrics commonly used in the oil and natural gas industry which have been prepared by management, such as "recycle ratio", "operating netback", "finding and development costs", "reserve life index" and "net asset value". These terms do not have a standardized meaning and may not be comparable to similar measures presented by other companies and, therefore, should not be used to make such comparisons.

Management uses these oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare Yangarra's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from metrics presented in this press release, should not be relied upon for investment or other purposes.

All amounts in this news release are stated in Canadian dollars unless otherwise specified.

Non-IFRS Financial Measures

*This press release contains references to measures used in the oil and natural gas industry such as "funds flow from operations", "operating netback", and "adjusted net debt". These measures do not have standardized meanings prescribed by International Financial Reporting Standards ("**IFRS**") and, therefore should not be considered in isolation. These reported amounts and their underlying calculations are not necessarily comparable or calculated in an identical manner to a similarly titled measure of other companies where similar terminology is used. Where these measures are used they should be given careful consideration by the reader. These measures have been described and presented in this press release in order to provide shareholders and potential investors with additional information regarding the Company's liquidity and its ability to generate funds to finance its operations.*

Funds flow from operations should not be considered an alternative to, or more meaningful than, cash provided by operating, investing and financing activities or net income as determined in accordance with IFRS, as an indicator of Yangarra's performance or liquidity. Funds flow from operations is used by Yangarra to evaluate operating results and Yangarra's ability to generate cash flow to fund capital expenditures and repay indebtedness. Funds flow from operations denotes cash flow from operating activities as it appears on the Company's Statement of Cash Flows before decommissioning expenditures and changes in non-cash operating working capital. Funds flow from operations is also derived from net income (loss) plus non-cash items including deferred income tax expense, depletion and depreciation expense, impairment expense, stock-based compensation expense, accretion expense, unrealized gains or losses on financial instruments and gains or losses on asset divestitures. Funds from operations netback is calculated on a per boe basis and funds from operations per share is calculated as funds from operations divided by the weighted average number of basic and diluted common shares outstanding. Operating netback denotes petroleum and natural gas revenue and realized gains or losses on financial instruments less royalty expenses, operating expenses and transportation and marketing expenses calculated on a per *boe basis. Yangarra uses adjusted net debt as a measure to assess its financial position. Adjusted net debt includes current assets less current liabilities excluding the current portion of the fair value of financial instruments and the deferred premium on financial instruments, plus the long-term financial obligation.*

Readers should also note that adjusted earnings before interest, taxes, depletion and depreciation, amortization ("Adjusted EBITDA") is a non-IFRS financial measures and do not have any standardized meaning under IFRS and is therefore unlikely to be comparable to similar measures presented by other companies. Yangarra believes that Adjusted EBITDA is a useful supplemental measure, which provide an indication of the results generated by the Yangarra's primary business activities prior to consideration of how those activities are financed, amortized or taxed. Readers are cautioned, however, that Adjusted EBITDA should not be construed as an alternative to comprehensive income (loss) determined in accordance with IFRS as an indicator of Yangarra's financial performance.

Please refer to the management discussion and analysis for the three months ended March 31, 2023 for Non- IFRS financial measure reconciliation tables.

Forward Looking Information

This press release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws relating to the Company's plans and other aspects of our anticipated future operations, management focus, strategies, financial, operating and production results and business opportunities. Forward-looking information typically uses words such as "anticipate", "believe", "continue", "sustain", "project", "expect", "forecast", "budget", "goal", "guidance", "plan", "objective", "strategy", "target", "intend" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future, including statements about our production and cashflow guidance, expectations regarding debt repayments as well as our, plans, objectives, priorities and focus, growth plans; our estimations on future costs; volatility of commodity prices, expectations on well economics, availability and use of cash flow, well performance expectations, availability of funding and capital plans, expectations regarding commodity pricing, inflation and timing of operations and the timing and duration of spring break-up conditions. Statements relating to "reserves" are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

The forward-looking information is based on certain key expectations and assumptions made by our management, including expectations and assumptions concerning prevailing commodity prices, exchange rates, interest rates, applicable royalty rates and tax laws; future production rates and estimates of operating costs; performance of existing and future wells; reserve volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; benefits to shareholders of our programs and initiatives, the timing, location and extent of future drilling operations; the state of the economy and the exploration and production business; results of operations; performance; business prospects and opportunities; the availability and cost of financing, labour and services; the impact of increasing competition; ability to efficiently integrate assets and employees acquired through acquisitions, ability to market oil and natural gas successfully and our ability to access capital.

Although we believe that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Yangarra can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. Our actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that we will derive therefrom. Management has included the above summary of assumptions and risks *related to forward-looking information provided in this press release in order to provide security holders with a more complete perspective on our future operations and such information may not be appropriate for other purposes.*

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect our operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

These forward-looking statements are made as of the date of this press release and we disclaim any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

All reference to $ (funds) are in Canadian dollars.

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